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BULLETIN NO. 288

The Cooperative Marketing of Tobacco

By O. B. JESNESS.*

The large-scale experiments in cooperative marketing which tobacco growers have staged in recent years have attracted widespread attention among those interested in organized sales efforts on the part of farmers. It is the purpose of the discussion which follows to seek to analyze these developments as a basis for conclusions with regard to their accomplishments and difficulties.

Tobacco and its market have some characteristics which are of importance in considering cooperative marketing. It is not the purpose here to go into any extended review of marketing methods, but it is necessary to consider certain features because of their effects on cooperative marketing.[1] Tobacco is an intensive crop, produced in comparatively localized regions. This makes it possible to organize a considerable proportion of the growers of a given type into an association without having to include a wide area. The localized production and the fact that it is an intensive and an important cash crop, result in considerable responsiveness of tobacco production to changes in tobacco prices. Tobacco is a non-perishable which not only may be carried over from season to season, but actually is carried over as part of the curing and aging process. The outlets for tobacco are concentrated in the hands of a limited number of buyers. There are no highly-organized, central markets, corresponding to those found for grain and cotton where large numbers of buyers and sellers are represented and where opportunity is offered for an interplay of the forces of supply and demand in arriving at prices. The tobacco farmer has no such

*Resigned.

[1] See Kentucky Experiment Station bulletin No. 287, "The Marketing of Tobacco" for a more detailed discussion of marketing methods.

market to which he can turn for quotations by grade.[1] While the commodities themselves differ very widely, there is some resemblance between the markets for tobacco and milk in that in both cases there is concentration of outlets and lack of adequate price quotations.

It is under circumstances such as these that tobacco growers have turned to organized selling. Such a step usually has been made in the hope of overcoming unsatisfactory price situations. The concentration among buyers and prevailing methods of selling have been blamed for the existence of such prices. Growers have believed that the buyers were able to dictate the prices paid them and have turned to organization as a means of placing themselves in a stronger bargaining position.

Tobacco growers in Kentucky and adjoining states have organized for selling at different times. The more outstanding of these movements have been those which were organized during the early part of the present century and those which came into existence during the period following the World War. The Dark Tobacco District Planters' Protective Association formed in 1904, among the growers of dark-fired tobacco, and similar movements starting soon thereafter in other districts of Western Kentucky gained considerable prominence. The Burley Tobacco Society which was formed in the burley area early in 1907, belonged in this group.

The cooperative development among farmers prior to that time had been mainly along the line of local enterprises, consequently these organizations did not have the experiences of many other large-scale agricultural organizations as a guide in developing their plans of organization nor had detailed legislation providing for their incorporation been enacted. In spite of this, many of the features adopted by more recent organizations were included in the plans of the earlier groups. Membership agreements usually were employed, altho these were not of the detailed, iron-clad type which have become so common in the cooperative field in late years. The Planters' Protective As-

[1] There are markets which are quoted by grade but neither the markets nor grades have the significance of such a market as the Chicago grain market.

sociation was organized with a nominal amount of capital stock in order to permit of incorporation under the general corporation laws of Kentucky. The growers in each magisterial district formed local units, selecting a delegate to represent that district in county meetings and county representatives selected by these delegates in turn made up the central organization. The Association had a board of directors in charge of the business, with a general manager under its supervision. Arrangements were made with prizers and warehousemen for the prizing of the tobacco and its storage until sold. The other organizations of that period in general employed a similar plan. Some of them, as for instance the Burley Tobacco Society, were formed without capital stock, in that way resembling many of the large cooperatives of the present.[1]

One outstanding feature of these organizations was the emphasis which they placed upon price control, and even direct fixing of prices by agreement. This arose out of several causes. One explanation is found in the organization of the tobacco market. Outlets were especially concentrated at that time because the American Tobacco Company was then the outstanding buyer in the domestic market. The American Tobacco Company had been started in 1890 and had expanded its activities so that it was the dominant factor in most lines of tobacco manufacture. For example, it was reported that in 1905 the combination controlled 80.7 percent of the fine cut, 93.8 percent of the snuff, 84.7 percent of the cigarettes, 78.3 percent of the little cigars and 13.3 percent of the cigar output.[2] Prices had been unsatisfactory to the growers and they regarded lack of competition and marketing methods as the reason. Sale generally was made by growers to buyers who came to their barns and there was widespread feeling that the advantage in such trans-

[1] Kentucky at that time had no special law providing for incorporation of cooperatives. The Burley Tobacco Society effected its incorporation under Article VIII, Chapter 32 of the Kentucky Statutes which, altho intended primarily for religious, charitable and educational organizations, is sufficiently broad to permit of such incorporation thereunder.

[2] Report of the Commissioner of Corporations on the Tobacco Industry, Part III, p. 2. The U. S. Supreme Court decided in 1911 that the American Tobacco Company was a monopoly and a combination in restraint of trade as a result of which the combination was dissolved and its business was divided among several concerns.

actions was on the side of the buyers. The natural conclusion of the growers was that they must meet organized buying with organized selling, including the fixing of prices.

Another influence on the price policy of several of the early tobacco associations was that of the American Society of Equity. This society was started in 1902 as a general agricultural organization and from the outset took much interest in marketing and the prices of farm products. The Planters' Protective Association was launched before the Society of Equity had gained much headway in Kentucky and was not a part of the latter. The Burley Tobacco Society and the other contemporary tobacco organizations in the State were organized under its influence.[1] Leaders in the Society of Equity of that time laid much stress upon the idea of farmers holding their products for specified prices. Their plan was to have farmers meet in conventions and decide upon prices below which they would refuse to sell. A tobacco-growers' convention of this kind was held at Lynchburg, Virginia, late in 1904 and prices for various types of tobacco were named. The growers were expected to refuse to sell their crops below these prices and thereby force the buyers to pay them in order to obtain their supplies.

The difficulties of this scheme of raising prices soon became apparent. Many growers were not equipped to store their tobacco nor to finance the holding process. Not all the growers were in accord with the idea, and selling on the part of some naturally weakened the determination of others to hold for the higher prices. It was not long therefore before a demand arose for the perfection of organizations which would take charge of the receiving, prizing, storing and selling of tobacco. Such organizations were started in West Kentucky and later in the burley district. The organization of the Burley Tobacco Society was started late in 1906, the members pledging themselves to pool their 1906 crop with the organization. That the fixing of the selling price was prominent in the minds of the organizers is shown by a provision in the contract which stipulated that an

[1] The relationship between the Society of Equity and the marketing organization in the minds of growers was so close that the Burley Tobacco Society frequently was referred to as tho it were the Society of Equity.

average crop should not be sold for less than fifteen cents a pound. The contract called for a sign-up of at least fifty per-cent of the 1906 crop and this was declared obtained early in 1907. The price agreed upon was considerably higher than that which growers had been receiving for previous crops. No sale was made by the Society for some time, and as the contract covered only the 1906 crop, new contracts to take care of the 1907 crop were circulated early in 1907. The American Tobacco Company showed no inclination to take the Society's holdings at the prices fixed, and this led to the decision that it was necessary to curtail the supply to the point where the buyers would take these holdings. This was accomplished by means of the "cut-out" of the 1908 crop, only a fraction of a normal crop of burley being grown that year. The Society succeeded late in 1908 in selling its holdings of 1906 and 1907 crops at the prices at which they were held. While the organization continued for some time after that, its strength waned and loose-leaf selling rapidly came to the front in the burley area. The associations in the dark districts of Western Kentucky and Tennesee likewise lost ground and were supplanted by loose-leaf and other methods of individual selling.

One unfortunate thing in connection with these movements was the outbreak of violence at some points. In the burley area, this was mostly in connection with the "cut-out" program. In the dark districts, hostility towards buying interests was expressed by destruction of property at a few points and ill feeling between members and non-members resulted in some unfortunate episodes. While these were not chargeable directly to the organizations, as such, they tended to make it more difficult for the organizations to continue their operations. The "night riding" episodes gained much wider publicity than did the constructive phases of the growers' marketing movement. Without condoning violence or lawlessness, one explanation for these events is that at least some believed such steps were justified as a means of protecting the growers' interests. They thought combination among buyers was being permitted to function without molestation.

A fair evaluation of these earlier developments can be made only if proper consideration is given to the conditions then existing. It is easy to pick flaws in their plans from the viewpoint of present-day conditions and experiences with cooperative marketing. At that time, experience with large-scale cooperative marketing was limited. Neither management nor members had had previous experience with organized selling. Supporting legislation was in its infancy. In short, these organizations were pioneering efforts.

It is evident that too much emphasis was placed upon price and price control. The fallacy of holding for an arbitray price without regard to market conditions was not generally appreciated. A lack of friendly relations between growers and buying interests was apparent, and this made the consummation of sales more difficult. The short-term contracts employed tended to make the organizations appear as temporary expedients. Dissatisfaction arose over delays in selling. There was some disagreement regarding the plan of operation.[1] Some distrust of the management became apparent in some of the organizations. The feeling also became widespread that outsiders were obtaining benefits without sharing in the burdens.

RECENT ORGANIZATIONS.

The next outstanding period of interest in cooperative tobacco marketing came after the World War. Prices, especially for burley and flue-cured tobacco, rose to high points during the war years. The peak of prices came in the sale of the 1919 crop. A very severe drop in prices occurred for both burley and flue-cured in the sale of the 1920 crop. Dissatisfaction with the situation in the burley district became so acute with the opening of sales in January, 1921, that the sales were discontinued for a time to give the growers an opportunity to determine upon some plan of action. Considerable sentiment was expressed at this time for a movement to pool the 1920 crop, to withhold it from market and to stage a "cut-out" of the 1921 crop. Con-

[1] One example of this was the split in the Green River District between those who favored storage in warehouses in the district and those who supported the plan of shipment to Louisville.

ditions were not favorable for such a move. Many growers felt the need for selling in order to meet their pressing financial obligations. The ardor for a "cut-out" cooled and as no other plan of action could be decided upon in a limited time, loose-leaf selling was resumed.

The 1920 crop had been an expensive one to produce and the prices received by many growers failed to cover their costs. Demand for some change in marketing methods continued to be expressed. In the flue-cured district this led to the formulation of a comprehensive plan of cooperative marketing. In the spring of 1921, leaders in the burley area decided to start a similar movement for that type. An active sign-up campaign was staged with the result that the required sign-up of seventy-five percent of the burley crop[1] was declared to have been obtained in November, 1921, and an organization was completed. Deliveries to the association of the 1921 crop started early in 1922. The Tobacco Growers' Cooperative Association of North and South Carolina and Virginia (frequently called the Tri-State Association) was completed in time to handle the 1922 crop and the Dark Tobacco Growers' Cooperative Association was organized in 1922 on practically the same plan. Associations among growers of cigar leaf were formed in the Connecticut Valley, Wisconsin and the Miami Valley of Ohio about the same time. Growers in Maryland reorganized an existing organization. Thus, in a comparatively short period of time tobacco was changed from a commodity with practically no cooperative selling to one for which cooperative marketing occupied a leading role.

THE PLAN OF ORGANIZATION.

These various organizations were essentially on the same plan, so a description of the main features of the plan of the Burley Association will suffice.[2] The plan employed was the non-stock, non-profit form. It was of the centralized type, that is, there were no definite local organizations, the members be-

[1] Based on the 1920 crop.

[2] The Association in Maryland employs a plan the details of which differ considerably. This is explained in part, at least, by the wide difference in marketing methods employed for that type, from those of other types.

longing directly to the central organization and being under contract to it. Each member paid an initial membership of five dollars.[1] Only producers of tobacco were eligible for membership. A member had only one vote. For the purposes of election and representation, the territory served by the Association was divided into twenty-two districts of approximately equal production, each district being represented on the board by one director. The growers in each county meet and select one delegate for each million pounds of tobacco or major fraction thereof, to act for the members of that county in nominating a director to represent the district in which that county is located. The person nominated by these delegates is elected director from that district. In addition to the directors thus elected, who must be members of the Association and therefore growers of tobacco, it is customary to have a few directors at large. In the case of the Burley Association, there are three such directors, one each from Kentucky, Indiana and Ohio. These directors are selected by the other directors and need not be growers of tobacco or members of the Association. An executive committee is selected by the board from among its membership to look after such matters as the board may delegate to it. The members of the board of directors are paid a per diem and traveling expenses when in attendance at directors' meetings, and members of the executive committee receive a salary.

The agreement employed in forming these associations was a combined organization and marketing agreement. The organization part of the agreement set forth the principal features of the association which was to be formed and the marketing part of the agreement bound the signer to deliver his tobacco to the association and outlined the methods of handling, pooling and settlement to be employed, and provided for remedies in case of breach of contract. Under this plan the association was not actually in existence until the required sign-up had been obtained and incorporation effected. The sign-up campaign was in the hands of an organization committee and when the cam-

[1] The membership fee ordinarily was not paid upon signing the contract but was deducted from the proceeds of tobacco sold for the member.

paign was completed this committee attended to the incorporation of the association and made arrangements for the election of the board of directors to take charge of its affairs.

The five-dollar membership fee did not nearly supply the capital needed for operating or for providing receiving houses and warehouses. It was not intended to do so. The plan included provisions for the organization of separate warehousing corporations to provide the necessary warehouses. These warehousing corporations were organized with capital stock, both common and preferred. The sale of common stock was restricted to members of the marketing association. Preferred stock could be sold to any one. The preferred stock had no voting privileges and was subject to retirement over a five-year period. The purpose of employing subsidiary warehousing corporations in connection with cooperative marketing associations is at least twofold. One is that it enables the employment of the non-stock plan for the marketing association and of capital stock for the financing of warehouses and other physical equipment. The other is that where products are stored and warehouse receipts are employed it does away with an association storing its own products[1] in its own warehouses and issuing warehouse receipts to itself. Employment of separate warehousing corporations permits of considerable leeway in the methods of financing warehouses. The Burley Association, for example, made various arrangements with warehouse owners for paying for warehouse purchases. Part of the purchase price could be in cash and part could be in the form of preferred stock, bonds or notes. Preferred stock may be sold to investors and the proceeds applied to the purchase of needed facilities. Under this plan funds for retiring the preferred stock are obtained by making deductions from the proceeds of the sale of products and common stock is issued to the members in proportion to the deductions made from their returns. In other words, the plan is a form of gradual purchase by the members. The financing of the operations of the Association, including the making of advances and other

[1] The tobacco association contracts were agreements of purchase and sale, the title to the tobacco passing to the Association upon delivery by the grower.

payments to members, was taken care of by proceeds from the sale of tobacco or by loans on tobacco in the hands of the association.

The plan of pooling employed by the tobacco associations has been to pool all the tobacco of each crop year together according to grade. According to this plan, the price paid to the grower for any given grade is based on the average price received for that grade for that crop year. The grade of the tobacco was established by the association upon delivery to it and the member was paid an advance at a definite rate for each grade delivered. Additional payments were made from time to time as sales were made and final settlement was made after all of the tobacco of a given crop year had been sold.

The contracts adopted by the tobacco associations were of the iron-clad type, outlining specifically the remedies to be invoked in case of violation. The signer of the contract agreed to deliver to the association all tobacco produced by or for him. If he failed to do so he agreed to pay to the association as liquidated damages five cents a pound for tobacco not so delivered. He further agreed that in case of breach or threatened breach, the association was entitled to go to court and ask for an injunction to prevent him from breaking his contract and for a decree of specific performance to compel him to live up to its terms. He further agreed to pay costs in connection with any such court action.

The methods of handling tobacco thru such an organization may be outlined in brief as follows: The member delivers his tobacco at the receiving house in his locality. Here it is unloaded and the grades and weights are determined. The member is given a receipt, usually called a participation certificate, which indicates the grades and amounts of tobacco delivered by him. He is paid an advance based on the grades and amounts. The tobacco may be sold in loose order if there are satisfactory offers available for it in this form. Generally, it has been redried and prized into hogsheads and stored until sale is made. The warehouse corporations have had their storage houses licensed under the United States Warehouse Act and the ware-

house receipts issued to the marketing association have been used as collateral in borrowing money on stored tobacco. Sales frequently have been in large lots running into millions of pounds. As the tobacco is sold it is delivered to the buyers and collections are made. When all the tobacco of a crop year has been sold and the necessary calculations made, checks for the final settlements are mailed to the members.

A brief review of the internal organization of the Burley Association is suggestive of the services which such an organization undertakes for its members. Its activities may be grouped under five heads, (1) commodity handling, (2) sales, (3) financing, (4) office administration, and (5) membership and public relations. The sales and financing problems were handled directly by the general manager's office. Sales are made mostly to relatively few buyers, so that the extensive sales machinery needed in selling farm products which are widely distributed among many markets, as for example fruit, is not required for tobacco.

The other functions were taken care of by specific departments under the direction of the general manager. A group of departments were engaged in commodity handling. The warehouse department attended to the receiving of the tobacco from the grower and its delivery to the purchaser. The grading department was charged with establishing the grades on delivery and sampling of tobacco sold. The re-drying and storage department took care of the re-drying and storage functions. A traffic department looked after routing of shipments and handling of claims. This department also attended to questions of taxation.

Two departments, office management and purchasing, handled the work of office administration, the former looking after the accounting work and the making of distributions and the latter acting as a central purchasing office for equipment and supplies. The work in membership and public relations was handled by four departments. The field service department maintained checks on contract violations and sought to sign up new members. The legal department attended to legal matters,

including the handling of court actions against contract violators. The publicity department issued the monthly magazine going to all the members and prepared news releases for the press. The community organization department sought to maintain and build up membership morale by organizing community locals and developing educational progress.

PROGRESS OF THE ASSOCIATION.

The membership reported signed up with the Burley Association when the initial campaign ended in November, 1921, was over 55,000. In December, 1922, a total of 77,000 was reported, and by the beginning of 1924 it was said to be over 96,000. In the summer of 1926 the total was given as 109,000. These figures represent the total number of signers, not the active tobacco growers in the membership at any given time. Some farms would be represented by two or more members because of the turn-over which takes place in farm owners and operators

Table I shows the receipts of the Burley Association during the years its marketing contract was in force, together with figures of the estimated production and of warehouse sales of burley leaf. The proportion of the estimated production received by the association increased for the first three years, the peak being reached in 1923, when the deliveries to the association were 75 percent of the estimated total production. The percentage dropped during the last three years so that the receipts in 1926 were only about 40 percent of the estimated production. Loose-leaf warehouses in Kentucky are required to report their sales monthly to the Commissioner of Agriculture. Such reports are not available for other states in the burley district, but the last column of Table I gives the figures compiled by a tobacco concern from reports received by it from loose-leaf houses. A comparison between these figures and the association receipts also shows that there was first an increase in the association's proportion of the business and then a decrease.

TABLE I. Production of Burley Leaf, Receipts of Burley Association and Independent Sales.

Crop of	Estimated Production[1] Lbs.	Association Receipts Lbs.	Kentucky Warehouse Sales[2] Lbs.	Independent Sales for Burley District[3] Lbs.
1921	220,849,000	119,914,613	49,640,145	57,600,273
1922	275,601,000	197,009,743	74,299,766	86,246,576
1923	329,504,000	245,443,006	70,032,936	109,104,923
1924	299,200,000	171,403,690	68,280,575	128,138,183
1925	275,146,000	135,590,170	85,952,515	144,796,633
1926	301,015,000	118,359,923	94,190,358	175,154,291
1927	180,659,000	.....	121,794,550	176,438,117

[1] U. S. Department of Agriculture.
[2] Warehouse sales of burley for growers and dealers (i. e. resales omitted) computed from monthly reports of the Commissioner of Agriculture, Frankfort, Kentucky. The figure for 1921 excludes the sales of the Association which were reported for one month that season.
[3] Report of burley tobacco sales compiled by R. M. Barker Tobacco Co., Carrollton, Kentucky.

The falling off in the proportion of the crop handled by the association probably was due in part to an increase in the contract violations. However, this is not the only explanation. The gain in the number of members increased rapidly during the first two or three years so that most of the sign-up had been obtained by the time the 1923 crop was delivered. An association which counts its number of members by the total number of contracts which have been signed must add sufficient new members every year to take care of the turnover among the owners and operators of farms, if it is to maintain its position. While the rate of turn-over on the farms of the burley district during these years is not known, it seems likely that the addition of members during the years 1924, 1925 and 1926 was not sufficient to take care of this turn-over. Furthermore, it not only is possible but probable that production tended to be stimulated among non-members more than among members because the latter had to wait for their settlements while the former felt the full stimulus of the higher prices at once.

The fact that tobacco is a non-perishable crop which usually is carried over a year or more before being manufactured, means that an association may expect to have to render part of the service of holding the leaf until needed unless it relinquishes

whatever bargaining advantage may be obtained from controlling the time of sale and follows the practice of selling upon receipt at whatever prices may be offered. Table II shows the times of making the different payments on the various crops handled by the Burley Association. It will be noted that payments tended to be delayed more on some of the later crops than was true with the earlier crops. Stocks were being built up because of the large crops and delays in selling followed as a natural result. Settlement was prompt on the first crop han-

TABLE II. Payments by Association on Crops of 1921 to 1925, Inclusive.

Crop	Advances	Second Payment	Third Payment	Fourth Payment
1921	During Customary delivery season[1]	May, 1922	February, 1923[2]	
1922	During customary delivery season[1]	June, 1923	May, 1924[3]	March, 1925[2]
1923	During customary delivery season[1]	June, 1925	December, 1927[2]	
1924	During customary delivery season[1]	April, 1926[3]	September, 1927[2]	
1925	During customary delivery season[1]	January, 1927	December, 1927[2]	

[1] Usually from December to April. [2] Final payment. [3] Final payment on certain grades.

dled, as it was made within about a year. It took two years before the members received final settlement on all the grades of the second crop. The crop of 1923 was unusually large, and about four years elapsed from the time deliveries were started until the final payments were made. The 1924 crop required more than two and a half years, and the 1925 crop took about two years. The 1926 receipts were sold by loose-leaf auction, consequently final settlements on this crop were made soon after the end of the sales season.

EXPENSES OF OPERATION.

A statement itemizing the expenses of operation accompanied the checks to the members for final settlement on each crop. Table III summarizes these expenses in cents per hundred

pounds of tobacco involved for the crops of 1922 to 1926. The figures given in this table are net expenses after allowing for certain credits. Thus, the proceeds from the sale of scrap tobacco were applied to receiving house expenses; storage rentals collected was credited to the warehouse department, and collections from buyers for prizing tobacco offset much of the expense of prizing. The expenses of the field service department were reduced by credits for contract soliciting and collections of liquidated damages. The expenses of handling the 1921 crop were reported on a somewhat different basis and consequently that crop is not included in Table III. The total deduction from the gross proceeds for the 1921 crop was 154.2 cents per 100 pounds. Of this, 89.8 cents covered the expense of the physical handling, 31.7 cents went to insurance on tobacco and interest, and 32.7 cents was used for redemption of bonds and interest in the properties purchased.

TABLE III. Distribution of Expenses Per One Hundred Pounds of Tobacco.

Items	Crops of				
	1922 cents	1923 cents	1924 cents	1925 cents	1926 cents
Executive officers, board of directors and manager of warehouses	3.7	3.0	3.6	4.3	4.9
Receiving house expenses less scrap sold	23.8	11.4	19.1	22.4	28.0
Prizing tobacco, green order, less amount collected from buyers	6.7	16.3	2.4	5.0	19.6
Storage department	6.4	35.6	19.6	33.0	.....
Warehousing department less storage collected	20.5	19.1	18.4	20.6	15.9
Grading department	9.6	10.5	13.4	16.3	14.7
General office	8.3	8.1	13.8	14.1	10.7
Community organization	.4	.4	.7	2.2	1.9
Burley Tobacco Grower	1.6	1.6	1.9	2.9	2.3
Field service and legal departments*	4.6	4.9	7.8	8.4	7.6
Taxes and reserves for taxes	1.5	†	3.0	†	.....
Sales house expense	.....	.....	.....	.....	16.4
Freight to sales floor	.....	.....	.....	.....	18.2
Insurance and interest	9.9	88.8	14.4	22.7	.....
	97.1	199.7	118.1	151.9	140.2

*Net cost after crediting with liquidated damage collections.
†Taxes included in storage item in 1923 and 1925.

The difference in the distribution of expenses for the 1926 crop from the others is due to the fact that the tobacco received by the association from the 1926 crop was sold by the loose-leaf auction method. No expense was incurred for storage, taxes or insurance and interest on this crop because it was sold as it was delivered by the members. While these items of expense are eliminated, others were added. One of these was the expense of operating sales floors. Another was that of freight expense involved in transporting the tobacco from the points of delivery where no sales house was in operation to points where loose-leaf sales were held. Tobacco thus transported had to be prized into hogsheads, but as the tobacco was sold in loose-leaf form the prizing expense could not be charged to the buyer, making the net expense for prizing in the case of the 1926 crop higher than for other crops.

The accompanying table includes no item covering re-drying costs. This omission is due to the inclusion of the re-drying expense as part of the price at which the tobacco was offered for sale. In other words, if tobacco of a certain grade was offered at a given price in loose-leaf form, the price for the same grade in hogsheads would be increased to cover the cost of re-drying and prizing. This arrangement is necessary if tobacco in loose order is not to be at a disadvantage, for there would be no reason for a buyer to purchase it in that form if he could buy it at the same price after it had been re-dried and placed in hogsheads. For this reason, re-drying charges were not regarded as a direct expense of the association.

The expenses listed in Table III further do not include the deductions made from the members' returns for the retirement of preferred stock and bonds of the warehouse corporation. These deductions were not for the payment of expenses but for the purchase for the grower of common stock in the warehouse corporations. Table IV shows the amount of these deductions per hundred pounds for different years and districts. These deductions varied for different warehousing districts because separate warehousing corporations were organized for each district, and there were variations in the relationship between the

TABLE IV. Deductions from Growers' Checks for Retirement of Preferred Stock of Warehouse Corporations, per Hundred Pounds of Tobacco.

District	1922 Crop Cents	1923 Crop Cents	1924 Crop Cents	1925 Crop Cents	1926 Crop Cents
Central	54.60	58.35	87.53	114.71	134.64
Eastern	46.70	48.60	67.66	80.98	98.13
Western	45.42	39.27	62.41	79.60	82.37
Northern	37.94	30.10	47.49	56.41	76.46
Indiana	30.20	25.72	46.64	52.51	77.92
Ohio	41.40	41.18	57.28	80.45	130.52
West Virginia	52.70	34.73	69.46	152.95	152.20
Tennessee	66.30	42.77	39.70	113.28	70.44
Missouri	.....	50.49	83.40	103.09	141.78

outlays for warehouses and the volume of tobacco handled in the different districts. These deductions also varied from year to year because of variations in the amount of tobacco delivered. A marked upward trend in the amounts of these deductions is noted during the last three years included because of the dropping off in the receipts of the association during this period.

Comparisons between the expense of marketing tobacco thru cooperative associations and thru loose-leaf sales are of little significance because the two methods do not render comparable services. The loose-leaf warehouses merely offer a sales service in the form of one kind of sale at a specific time. A cooperative marketing association which pools its sales, performs such services as grading, re-drying, storage, financing and bargaining. The expenses of the two are not strictly comparable even in the case of the 1926 crop which the Association sold by loose-leaf auction, because the association's expenses included prizing and transportation on some of the crop and also expenses involved in the pooling of returns. The association also graded the tobacco prior to sale.

OTHER TOBACCO ORGANIZATIONS.

The outline of the plan of organization and operation of the Burley Association suffices for the Dark Tobacco Growers' Cooperative Association and the Tobacco Growers' Cooperative As-

sociation of North and South Carolina and Virginia, as these organizations followed the same plan. It is therefore unnecessary to review these organizations in detail. Both of them included a large number of growers. The Dark Association reported about 57,000 members when the initial sign-up was completed and later additions brought the total over 70,000. The Tri-State Association reported a total of about 96,000 members. Table V shows the receipts of the Dark Association for the three years of its most active operations, together with the estimated production of the various types which it handled. It will be noted that its proportion of receipts fell off very greatly in case of the 1924 crop. While its contract extended thru the 1926 crop, it made no attempt to enforce deliveries on the 1925 crop and received no tobacco from that crop. A considerable quantity of 1926 leaf was delivered to it. The Tri-State Association received about 163 million pounds of the 1922 crop, 180 million pounds of the 1923 crop, 104 million pounds of the 1924 crop, and 83 million of the 1925 crop. Its receipts were about 35 percent of the total crop in its district during the first year, about 28 percent the second year, 22 percent the third, and less than 15 percent the fourth. This indicates that this association at no time achieved a position in its district comparable to that occupied by the Burley Association. Its contract included the 1926 crop, but the association was placed in the hands of receivers before the delivery season opened.

The Connecticut Valley Tobacco Association which handled tobacco from the crops of 1922 to 1926, and the Miami Valley Tobacco Growers' Association which received tobacco in 1923 and 1924, were formed on essentially the same plan. The same is true of the Northern Wisconsin Cooperative Tobacco Pool. The latter organization received tobacco from the crops of 1922 to 1926 under its initial contracts and is continuing to operate under a renewal of the contract. The Maryland Tobacco Growers' Association, which continues in operation, is on a somewhat different plan as it acts as a sales agency for its members.

TABLE V. Receipts of the Dark Tobacco Growers' Cooperative Association and Estimated Production for Years 1922 to 1924.

Type	1922		1923		1924	
	Receipts Pounds	Production Pounds	Receipts Pounds	Production Pounds	Receipts Pounds	Production Pounds
Dark fired	110,960,426	(C) 106,140,000 (P) 75,740,000	(E) 54,297,220 (W) 47,336,005	(C) 116,400,000 (P) 82,585,000	(E) 27,060,680 (W) 24,318,790	(C) 91,910,000 (P) 64,358,000
Stemming (Henderson)	9,580,930	*71,440,000	8,106,910	14,600,000	7,156,835	14,163,000
Green River	34,448,111	.....	33,972,816	58,880,000	15,743,035	47,559,000
One Sucker	20,077,300	50,422,000	29,355,681	54,114,000	16,112,481	39,123,000
Total	175,066,767	303,742,000	173,068,632	326,579,000	90,391,821	257,113,000

(C) Clarksville-Hopkinsville. (P) Paducah. (E) Eastern. (W) Western.

*Green River and Henderson were both reported under Henderson in the government estimates prior to 1923. These two types are difficult to separate satisfactorily in the estimates and the possibility of error should be borne in mind in making comparisons.

PROGRESS AND PROBLEMS.

The situation with respect to tobacco cooperatives thus has gone thru a marked change. A few years ago there was much enthusiasm and many rosy predictions regarding the future of cooperative tobacco marketing. The Tri-State Association, however, was placed in receivership. The Dark Association felt it advisable practically to release its members from their obligation to deliver their 1925 crops and was unable to secure sufficient support to renew the contracts which expired with the 1926 crop. While the Burley Association operated during the life of its contract, it, likewise, failed in its attempt to secure a re-sign-up in 1927. The cigar-leaf association in the Miami Valley in Ohio discontinued its operations after two years. The Connecticut Valley Association decided to cancel the sign-up it had obtained for a second five-year period, leaving only the Wisconsin Association of those formed along these lines. An analysis of some of the more outstanding problems encountered should be of interest under the circumstances.

The problems of tobacco cooperatives fall into several classes. Some have arisen out of the characteristics of tobacco and the market for tobacco. Some are traceable to the membership. Some had their origin in the policies adopted or lack of policies; some resulted from inexperience, inefficiency or desire for personal gain on the part of management or employees. Some arose, or at least were aggravated, by the activities or attitudes of outside interests.

The characteristics of tobacco which affect its marketing problems have been outlined above, consequently an extended discussion of them is not necessary at this point.[1] A brief review of some of them and their relationship to cooperative marketing may be in place.

Tobacco is adapted to the use of a tenant system. In cases of crops grown by tenants, the organization must seek to gain membership of both the landlord and the tenant. This adds to the problems of organization and of membership relations. It

[1] See also Kentucky Agricultural Experiment Station Bulletin 287. "The Marketing of Tobacco."

also tends to aggravate the effects of delayed settlements because tenants frequently do not feel able to wait long periods for such payment.

The localization of production is of advantage from the standpoint of signing up a sufficiently large proportion of the production of a given type to make the organization an important factor in the market for that type. But it also has its disadvantageous side because production may be expanded greatly by increasing the amount of land used for tobacco not only in old districts but by extension to other districts. The possibilities of production expansion make it necesasry for a tobacco association to develop its price policies with special care.

The non-perishability of tobacco and the custom of carrying over large supplies from year to year affect cooperative marketing. Tobacco not only may be, but actually is, held for considerable periods before manufacture. An association, unless it is merely a sales agency, must be prepared to render some of this carrying service. The exercise of bargaining power is dependent upon control over the time of sale. This may involve considerable delay in selling and consequently delay in making settlement with the growers. Delayed settlements have been one of the most outstanding sources of dissatisfaction among members.

The concentration of outlets which exists in the market for tobacco leaf creates problems for an organization. A large sign-up usually is regarded as essential in order to meet concentrated buying power with concentrated selling. Tobacco lacks well-organized markets where it can be sold at any time in large quantities at definite prices. Such commodities as grain and cotton have these markets. Tobacco associations do not have quotations from such markets as guides in deciding upon the sales prices and therefore the burden of determining their asking prices has fallen upon them. The problem of developing satisfactory price policies has been one of the most difficult ones which the tobacco cooperatives have had to face.

It would be too much to expect that competing interests would sit idly by watching the cooperatives take the business

away from them. The extent and effect of the activities of such interests have varied with different districts. The practice adopted by loose-leaf houses of identifying the lots of tobacco on their floors by number instead of by name of the owner was regarded of sufficient effect to justify the enactment of legislation to prohibit it. Naturally, backers of loose-leaf sales were not always complimentary in their remarks about the associations, neither were representatives of the latter always circumspect in their mention of loose-leaf sales.

Much has been said about the attitude of the buyers towards cooperative marketing. As the large manufacturers are not in the habit of broadcasting their views on such developments, one can judge only by the willingness or unwillingness displayed by them in buying from the organizations. That the existence of some opposition was felt by some of the cooperatives is suggested by the Senate Resolution which was passed at the instance of cooperative leaders, calling upon the Federal Trade Commission to investigate an alleged boycott of the cooperatives by two of the large buyers, the American Tobacco Company and the Imperial Tobacco Company. The report of the findings of the Commission indicates that no agreement to refrain from buying tobacco from the cooperatives was unearthed by this investigation.

The attitude assumed by merchants, bankers and others with whom the growers came in contact exercised some influence on the membership. These attitudes were both favorable and unfavorable. Business interests at some points felt that the existence of the organization produced changes in trade which were unfavorable to them. Delays in settlement with the members have been said to have caused corresponding delays in the meeting of obligations by members. On the other hand many have felt that an association was a good thing and have actively supported cooperative marketing. The Kentucky State Bankers' Association at its 1927 meeting included among the resolutions adopted the following: "That we endorse cooperative selling of farm products in Kentucky as one important remedy for any agricultural expression."

on the outside and could let the association carry at least part of its receipts, because tobacco leaf does not go into manufacture for a considerable period after delivery by the grower. If fifteen cents covered the cost of production of enough growers to bring forth the needed amount, twenty cents would make it worth while for some of them to grow more and make it possible for others to come in and produce at a profit. The stimulus to production is particularly effective in case of the outsider because the higher price has been paid him. The member is not fully assured of the high price until the tobacco has been sold at such a price. The tendency is to stimulate the outside production more and thereby to increase the proportion on the outside. Stocks are built up and sales delayed. The market feels the effects of the accumulation, and prices weaken. The organization is pressed by the members to sell and settle with them. It recognizes that prices are too high, and eventually is forced to a lower basis. Then the district must go thru a period of readjustment with its disturbing consequences. The chances are that association supporters have laid much stress on the higher price. It may have been pointed to with pride. But the long-time effects tend to cause dissatisfaction and a weakening of confidence on the part of members.

Among the most outstanding and most difficult problems with which tobacco cooperatives have had to deal are those arising out of membership relations and attitudes.[1] These associations necessarily involve large numbers of growers. The job of organizing them into an association is a tremendous undertaking. Associations in the past have tended to be organized under conditions which led to over-promising by organizers and over-expectation by members. They have had little chance to grow into cooperative marketing gradually.

The managements of these movements were confronted with technical and commercial problems involved in the handling and sale of tobacco. Men were selected because of their knowledge and experience in grading, warehousing, financing, accounting

[1] See U. S. Department of Agriculture Circular 407, "Membership Relations of Cooperative Associations," for the results of a study of membership problems of tobacco associations.

and selling. Few of them had had experience in dealing with large masses of members in a cooperative. Moreover, methods of handing membership relations problems have not yet been worked out to the same extent that is true with the commercial problems. As a consequence the latter group of problems have received earlier and better attention than has been the case with membership problems.

Some of the problems arising out of membership relations were due to misconceptions on the part of the members of the real nature of cooperative tobacco marketing. Some arose from a lack of adequate contact between member and management. Some arose from a lack of confidence of members in the management. Unquestionably, too much faith was placed in monopoly control at the outset. Many believed that the sign-up of a considerable proportion of the crop meant supply control and that this could be used to hold prices at certain levels.

At first, not much attention was paid to membership problems. The feeling was that the signing of a contract assured continued support of the signers. Contract violations received early attention. It was believed that legal actions would curb violations and keep members in line. Soon it was discovered that there were limits to this method and that there were some unfavorable reactions because it tended to create a feeling of ill will towards the organization on the part of those who were haled into court. Then it came to be appreciated more and more that it was desirable to seek to build up closer contacts between members and the management and thereby strengthen loyalty. Many informal locals of members were organized to aid in this field. Speakers were sent to meetings of such locals and other meetings of growers. Suggestions for programs were outlined. Members were urged to visit headquarters to acquaint themselves with the activities of their organizations. Membership magazines were published regularly and were sent to all the members.

The two criticisms which appeared to be made the most frequently were that it took so long for sales to be completed and for final payment to be made, and that outsiders tended to

get the benefits without sharing in the burdens. Several months are required for the growing of a crop, and during this time the grower must finance his operations. If he then receives only part payment at the time of delivery and has to wait months, or even years, for final settlement, it is a question of no little significance, particularly for those who are hard pressed financially. A grower who is in such circumstances does not always readily accept the conclusion that he is better off by having his payments distributed over a period of time because he will spend it more judiciously. It was frequently argued that the advance was the equivalent of the entire price which the grower used to receive, suggesting that later payments were all gain. Such comparisons were based on pre-war prices and what was a fairly good price before the war has been an unsatisfactory price in recent years because of the differences in price level. The contention with regard to the advantages of having an income distributed over a period of time rather than in a lump sum is far from being without foundation in its application to many, particularly to those who live from hand to mouth. But those who belong to this class are among the last to admit that the change is for their good.

The criticism that non-members received benefits without bearing their share of the burden has a foundation in fact. If an organization has an effect on the price level, that will be felt by outsiders as well as insiders. The feeling that outsiders do get benefits tempts persons to remain outside, and tempts members to violate their contracts. This is likely to be the case where the emphasis is on the association's influence on the price level. If it renders other worth-while services and these are recognized, the members will see more clearly the advantages of an organization and of membership in it.

The organization of large associations such as the tobacco groups in a relatively short time involves the use of intensive membership campaigns. Cooperative tobacco marketing was the subject of discussion at meetings of growers and others. It was a common topic of conversation. It received much space in news columns. Growers at meetings were urged to sign. They were

visited on their farms by canvassers who sought their signatures to contracts. City and village business men joined in the campaign, leaving their places of business to go out and work for the sign-up.

It would be too much to expect that all the discussions and arguments used in such a drive would be of the kind that could stand cold-blooded analysis. Enthusiasm got the better of judgment at times. Rosy pictures were painted of the possibilities and results which might be expected from cooperative marketing. This is not saying that there was much, if any, intentional misleading as to the advantage of cooperative marketing. The enthusiasm which was engendered, however, led to overexpectation and in that way made it more difficult for the associations to satisfy the members.

LEGAL ASPECTS.

The emphasis placed upon the iron-clad features of the marketing contract and the methods of enforcement, gave legal considerations a prominent place in cooperative tobacco marketing. Among the early steps was the enactment of laws to provide for the incorporation of such associations. The Bingham Cooperative Marketing Act, passed by the Kentucky Legislature early in 1922, met this need in Kentucky.[1] It specifies in detail the forms of organization which may be incorporated thereunder and their purposes and powers. This law provides for the enforcement of contracts made by members with their organization. Kentucky had a cooperative law previously, but it was more general in form and did not provide for the specific type employed by the tobacco growers.

A strong faith in the binding features of the contract was manifested during the organization period. It can not be said that signers were kept in ignorance of these features, for they were given prominent emphasis. The enforceability of contracts was used as an argument to induce growers to join the associa-

[1] See Kentucky Extension Circular 115, "Cooperative Marketing," for a copy of this act. A large number of states passed laws quite similar in nature.

tion. The promise was made freely that violators would be prosecuted and be compelled to live up to the terms of their agreement.

Growers who signed the contract no doubt intended to comply with its provisions. Some members had a change of heart when delivery time came and the associations found themselves faced with the problem of contract enforcement. Evidence was gathered against violators. Suits for liquidated damages were instituted in a number of cases and injunctions to stop the breaking of contracts also were obtained.

Additional legislation to aid in contract enforcement was enacted. The 1924 session of the Kentucky Legislature passed a law requiring loose-leaf warehouses to sell tobacco under the name of the owner and to post lists of such names. Some warehouses had adopted the plan of using numbers instead of names, and this made it difficult to check up on sales by members in violation of their contracts. The same session also passed an act providing that signers of marketing contracts could place crop mortgages on their crops, but that this would not defeat the association's right to delivery of the crop. The Bingham Act contains a provision which binds the landlord to see that delivery is made to an association of products grown under a tenancy arrangement entered into after the landlord has signed a marketing contract with such association. This provision was designed to prevent a landlord from nullifying his contract by changing the arrangements he had with tenants.

A number of court cases arose not only over the enforcement of contracts, but also over the interpretation and the constitutionality of various legislative measures such as those mentioned above. For the most part, the contentions of the associations were upheld. However, the attitude towards the employment of court action, particularly against members, in enforcing contracts, underwent considerable change. It came to be recognized that there are decided limits to the reliance which can be placed upon the mere legal enforceability of contracts. It was found that, while legal action might be necessary at times, contract observance based on fear of legal prosecution could not

take the place of voluntary loyalty. Where violations became numerous, court action as a general move was impracticable. This was realized by the Dark Association in 1925 when it announced to its members that resort would not be made to courts to enforce delivery of that crop.

The legal aspects of cooperative tobacco marketing were not restricted to relations with members. A case[1] in Wisconsin which attracted much attention was one brought by a tobacco association to restrain a tobacco dealer from interfering with the contracts it had with its members. The injunction was granted and was upheld when taken to the Supreme Court of the State. The Burley Association found its activities in Tennessee limited for a considerable period by an injunction in force in that State against the association on the grounds that it was in violation of the anti-trust laws. The decision of the lower court finally was reversed by the higher courts and the injunction dissolved. The Dark Association and the Tri-State Associations were confronted with requests for the appointment of receivers at various times. As indicated above, such a request finally was granted in the case of the latter.

EFFECT ON PRICES.

The tobacco cooperatives naturally have had a close relation to prices. The main argument for their formation was the need for combatting low prices. Price comparisons frequently were used to indicate how the associations were benefitting the members. Table VI gives average prices for different types of tobacco during the war and for the years after the war when organizations were in operation. Prices by grades are not available for comparison of different crops and the averages here given are subject to some variations due to difference in the crops. They are sufficiently representative, however, to show how prices rose during the war period, how they subsequently broke and then recovered.

[1] Northern Wisconsin Cooperative Tobacco Pool v. M. H. Bekkedal, et al.

TABLE VI. Tobacco Prices During the War and Post-War Period.

Crop	Burley[1]	One[2] Sucker	Green[2] River	Fired Dark[2]	Flue-cured[3]	Virginia Dark[3]
1913	$12.05	.....	.....	.....	15.90	7.00
1914	8.05	.....	.....	.....	8.60	7.30
1015	10.53	.....	.....	.....	9.80	8.00
1916	17.21	10.60	11.24	10.53	17.00	10.40
1917	26.72	16.22	19.14	14.17	29.50	17.60
1918	31.14	25.99	18.60	14.94	31.70	17.50
1919	35.35	14.67	16.20	15.88	51.50	24.90
1920	13.21	6.90	7.88	9.27	22.38	9.13
1921	21.25	12.63	14.51	14.07	20.08	18.75
1922	28.28	12.06	15.83	14.06	29.36	19.77
1923	21.49	10.22	10.77	10.81	20.57	18.09
1924	21.31	11.39	11.30	12.15	21.21	19.43
1925	18.73	8.67	6.87	7.37	15.13	16.24
1926	13.12	5.77	7.26	6.55	23.64	7.77
1927	26.27	10.96	9.06	13.83	20.23	9.93

[1] Average on Lexington market, 1913-1915. Average of sales for growers reported by warehouses to Kentucky Commissioner of Agriculture 1916-1927.
[2] Commissioner of Agriculture reports.
[3] Prices for Virginia tobacco from Virginia Farm Statistics, 1927, Virginia Department of Agriculture. Averages for 1913-1919 are estimated; 1920-1927 are averages of auction sales.

The Burley Association commenced operations with the handling of the 1921 crop. It will be noted that prices for that crop showed considerable recovery over that of the crop of 1920 when the disastrous break came. Prices rose still further for the 1922 crop, a considerable reduction in price occurred for the 1923 crop, and prices continued to weaken until a decided break came in the sale of the 1926 crop. These prices are the averages of sales for growers reported on the loose-leaf floors. The association's receipts of the 1926 crop were sold by loose-leaf auctions so the average reported for that year includes both association and independent tobacco.

These figures indicate that the Burley Association had an important effect on prices for several years. The effect of these prices upon production may be noted by comparing the preceding table with the estimated production for this period. It will be noted that production was maintained at a high level, higher than the demand for burley leaf at those prices, in fact. That this was the case is shown by the accumulation of stocks of bur-

ley leaf in the hands of manufacturers and dealers. These stocks totalled about 281 million pounds on October 1, 1922. On that date in 1923 they had risen to 343 million pounds and in 1924 they went to 428 million pounds, in 1925 to 459 million pounds, and on October 1, 1926, they reached 466 million pounds. A slight recession took place the next year, the total on October 1, 1927, being 451 million pounds. In other words, the stocks of burley leaf on October 1, 1926, were about 185 million pounds, or about 66 percent greater than they were on October 1, 1922. This is a clear indication that the prices for burley leaf during this period were too high to keep production restricted to market requirements. No market organization can maintain such prices permanently.[1]

Table VI shows that the prices of the dark types of tobacco and flue-cured also advanced in the early periods of the organization movement in those districts. The organizations in the latter districts, however, were not as strong as the Burley Association, the better prices were not sustained so long and production was not stimulated so greatly. Moreover, the Dark Association was faced with a falling demand for its types during this period.

FUTURE PROSPECTS AND POSSIBILITIES.

Summarizing the progress of recent tobacco cooperatives, it may be said that they had a very auspicious beginning. The support, especially in some districts, was encouraging and the technique of the plans adopted was suited to tobacco, but the results were not up to expectations. This was due in part to the fact that too much was expected. Limitations were not understood sufficiently well. Sufficient allowance was not made for the fact that mistakes may be expected in pioneering enterprises of this sort. Part of the discontent was due to lack of experience in cooperative marketing by the members. Mistakes of management also were made.

Have these developments demonstrated that cooperative tobacco marketing has no future? While different commodities

[1] For a more detailed discussion of this question see Kentucky Experiment Station bulletin No. 271, "Cooperative Marketing and Price Control."

have somewhat different problems, the growers of various agricultural commodities have established effective cooperative selling. For example, in the case of market milk, where the outlets resemble those for tobacco in that they are in comparatively few hands, extensive organized selling has developed. Repeated trials of cooperative tobacco selling indicate a continued existence of problems needing solution. It is reasonable to expect that renewed efforts at cooperative selling of tobacco will be made. Considerable experience now has been gained, and this should be helpful in placing future enterprises on a better foundation.

The nature of the tobacco market is such that bargaining for prices likely will play a prominent part in the activities of future organizations as it has in the past. However, it is apparent that permanent service in this field will have to be based on cold analysis of what conditions justify, rather than on the basis of desire. The price which an organization can get in the long run can not be so high as to stimulate overproduction. An organization may be helpful in lessening fluctuations from year to year and thereby may put the industry on a more stable and profitable basis. It can not achieve permanent success by arbitrary price fixing.

It is probable that less emphasis will be placed on price control and more on specific services in the future. An effective organization can sell tobacco on the basis of grade, a service of value to the growers. It can study market conditions so as to get a price in line with those conditions. It can bring to the growers information which will guide them in planning their production programs. It can provide uniform treatment for all the members, eliminating special treatment to some at the expense of others. It can aid in building up added outlets for the type of leaf grown by its members. It can represent the members' interests and viewpoint in connection with legislative programs.

Wherever cooperative marketing has achieved long-time success it has been on the basis of performing concrete services such as the above for its members, not by price fixing. In order

to make permanence possible on such a basis, the growers must weigh the value of the organization on the basis of the services rendered, not on expectations of price fixing.

This is a fact which the management likewise must recognize. Especially must those in responsible charge of deciding upon price policies base their decisions on analytical studies of market conditions instead of on hope. It goes without saying, that no such organization ever will succeed unless its management has the requisite ability and also deserves and has the full confidence of the rank and file of the members.

Tobacco growers in Kentucky should study the marketing question. They should study particularly the plans and problems of tobacco cooperatives in order that future efforts may be of a more permanent character than those of the past.